

Headquarters U.S. Air Force

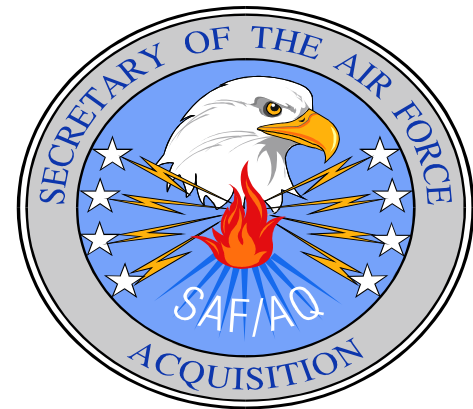
Integrity - Service - Excellence

AFPEO/CM

Management and Oversight of Services Acquisition



**Mrs. Marty Evans
AFPEO/CM
October 2004**



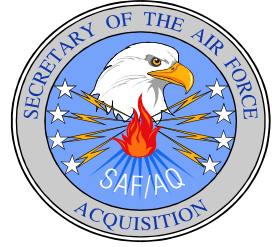
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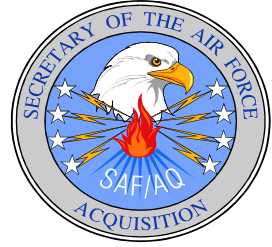


- Why Do We Have a PEO?
- What is a Covered Service?
- What is a MOASP?
- What Are the PEO Responsibilities?
- What Are the PEO's Expectations
- What Are Your Expectations?
- What Are the Hot Topics?
- Questions and Answers



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Why We Have a PEO

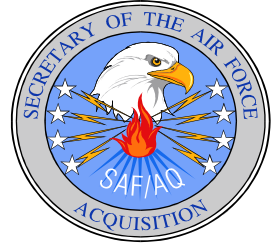


- Section 801 of FY 02 NDAA (PL 107-107) required:
 - Establishment of a management structure for procurement of services comparable to the procurement of products by DOD
 - Designation of an official (DO) responsible for managing procurement of services
 - SECDEF to establish dollar threshold and other criteria for approving services acquisitions
 - DO to collect and analyze service data



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Why We Have a PEO, Cont.



- **Section 805 of FY 03 NDAA (PL 107-314)**
 - **Established goals for implementation of performance based services acquisition (PBSA)**
 - **Assumed savings from use of PBSA—Appropriations reduced \$183M (\$196M in FY 04)**
 - **Required an annual report to Congress**



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Covered Services

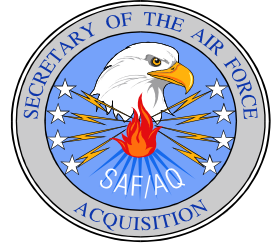


- Any acquisition over the simplified acquisition threshold that is not a product
- Includes services in other portfolios, CLS, R&D, A&AS and “Other Contracting”
- Few Exceptions:
 - NAF services, MILCON, A-E, and housing/utilities privatization
 - FFRDCs delegated to SAF/AQX—PEO/CM review



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Covered Services, Cont.



● OSD →

Efforts > \$2B
Special Interest

● AFAE →
(Delegated to AFPEO)

Efforts > \$500M
Special Interest

● AFPEO →

PEO Designated Weapon System
Other Service Efforts > \$100M
A-76 Studies = or > 300 FTE
Special Interest

● MAJCOM →

Efforts > \$100K

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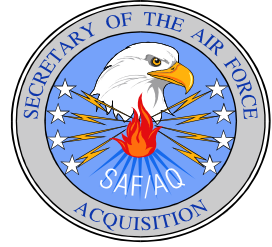
The MOASP

- Management and Oversight of Acquisition of Services Process (MOASP)
 - AF Level MOASP approved by OSD, 7 February 2003; AFAE implementation letter, 3 June 2003
 - Implements PL 107-107, Section 801(d), NDAA FY02
 - Establishes Designated Official (DO) and duties—AFPEO/CM
 - Provides central focus on services acquisition
- MAJCOMs implement similar process



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The MOASP, Cont.

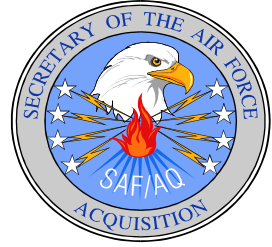


- Establishes management controls & reviews to ensure successful acquisition of services—comparable to existing structure for products
 - Management Tools
 - Pre-award – performance based requirements & determination by DO
 - Post-award – contract execution/program Reviews
 - Performance measures/metrics



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PEO Responsibilities

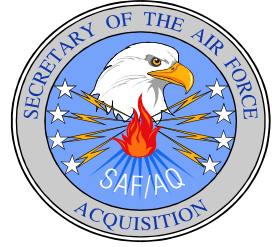


- Provide Essential ***review/approval***
 - Ensure appropriate contract procedures
 - Establish procedures for data analysis reporting
 - Approve any task order/contract that is not performance-based
 - Approve any task order/contract issued outside DoD



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PEO Responsibilities, Cont.

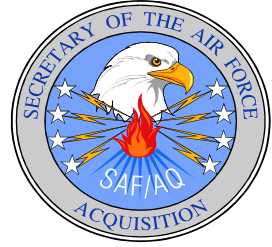


- Serve as Designated Official (DO).
Decisions are not delegable and include
 - Decisions regarding acquisition strategy
 - Determinations that contracts are Performance-Based
 - Determinations that contracts have clearly defined, measurable outcomes and metrics



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PEO Responsibilities, Cont.

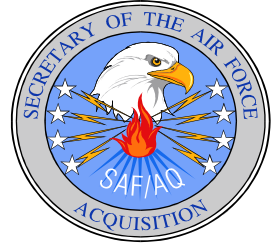


- Review Draft PWS and Source Selection Plan
- Provide Management Controls
 - Pre-RFP release: DO approves final documents, requirements and execution metrics
 - Pre-award: DO approves contract document after source selection but before award



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PEO Responsibilities, Cont.



- Provide initial execution review as DO
 - Completed within 30 days of date contractor is fully operational or after formal transition period
 - Successful transition
 - Within estimated budget
 - Can be delegated to Wing Level



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PEO Responsibilities, Cont.

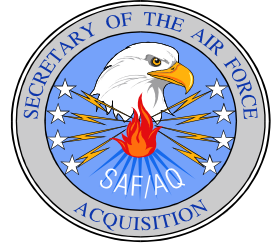


- All contract performance reviewed by DO annually for proper execution
 - No mandatory format
 - Use metrics established in contract
 - Continued focus on post-award phase of contract



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PEO Expectations

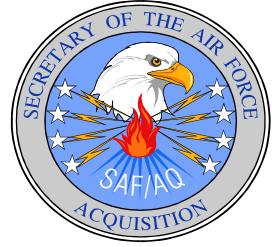


- Requirements are properly identified
- Business planning is thorough
 - Potential problems identified (risk)
 - Required outcomes defined
 - Requirements appropriately linked to organizational and mission objectives



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PEO Expectations, Cont.



- Acquisitions are performance based (use 7 steps)

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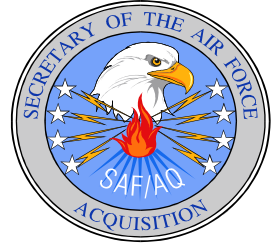
<http://www.arnet.gov/Library/OFPP/BestPractices/pbsc/index.html>

)

1. Establish an integrated team
2. Describe the acquisition objectives
3. Perform market research
4. Develop PWS
5. Identify how to measure & manage performance
6. Select the right contractor
7. Manage performance



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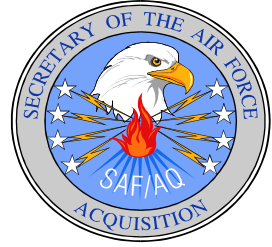
Your Expectations

- Clear guidance on the role (level of involvement) for the MAJCOMs
- Training—Just-in-time training for source selection teams
- On-call assistance from PEO staff
- Review of solicitation and source selection processes
- Samples, templates, guides on web page



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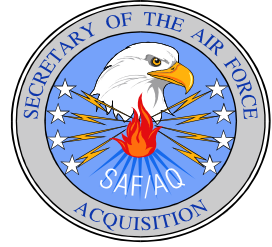
Your Expectations, Cont.



- Guidance on implementation of new A-76 Circular
 - Role of the Audit Agency
 - Duties of the Agency Tender Official
 - Role of the Contracting Officer
- Notices, reviews of available software tools for risk assessments, tracking milestones, etc.



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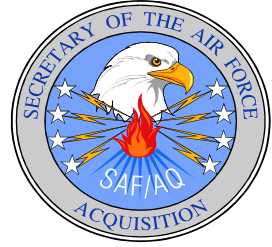
Your Issues

- Some frustration exists with respect to:
 - Role of MAJCOM in satisfying Wing and PEO concerns—
 - Each Wing/CC has different expectations
 - Not clear what PEO expects
 - Role of base, especially contracting and legal



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Your Issues, Cont.

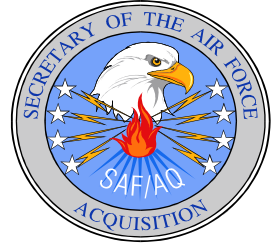


- Increased time to complete acquisition and difficulty to schedule PEO
- PEO's schedule may be guiding force, not team readiness



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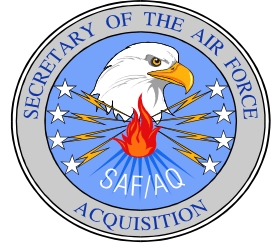
Hot Topics in Services Acquisition



- Increasing use of PBSA
- T&M type contracts
- Contractor vs NAFI performance
- Use of non-DOD contracts
- Appropriations Act provisions
- Pending legislation (Authorization Bill)



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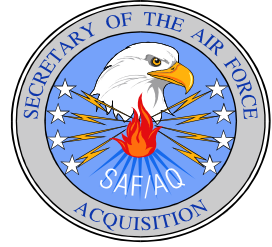


Hot Topics, Cont.

- OMB Policy, Sep 2004—Increasing Use of Performance Based Service Acquisition
 - Apply PBSA methods to 40% of eligible service actions > \$25K in FY 2005
 - If more than 50% of the requirement is PB, service is coded as PBSA
 - Encouraged to recognize employees and teams who implement PBSA



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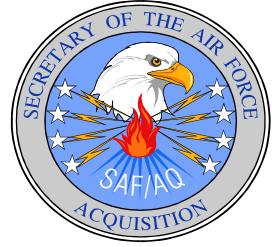
Hot Topics, Cont.

- **OSD AT&L (DPAP Policy), Sep 2004—
Requirements for Service Contracts**
 - **Cautions use of T&M and cost-reimbursement type contracts—need for increased govt oversight**
 - **Requires consideration be given to breaking out fixed price effort**



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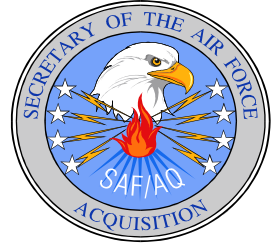
Hot Topics, Cont.



- SAF/AQ Policy Memo, Aug 2004—Contractor vs NAFI Performance
 - Immediate moratorium on conversion of services from contractor performance to NAFI
 - Issues go beyond cost savings usually obtained by NAFI performance—socio economic concerns, especially with JWOD and small business
 - Coordinated AF policy in development



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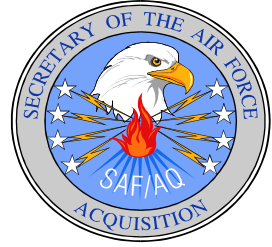
Hot Topics, Cont.

- Joint SAF/AQC and SAF/FM Policy Memo, 10 Mar 2004—Interim Guidance for Resource Advisors
 - Implements DFARS Part 237
 - Prohibits procurement of services that are not performance based or awarded by an agency other than DOD, unless approval obtained from Designated Official



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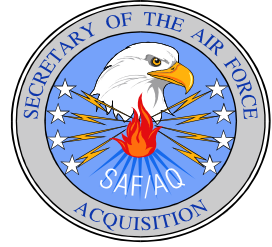
Hot Topics, Cont.



- **OSD AT&L Policy for Use of Non-DOD Contracts**
 - Implements Section 801 of Defense Auth Act for FY 2002—Extends to supplies as well as services for orders issued by non-DOD personnel on behalf of DOD
 - Implements Section 803 of Defense Auth Act for FY 2002, use of multiple award contracts
 - Ensures Departments/Agencies institute procedures for determining appropriate contract vehicle and processes are used



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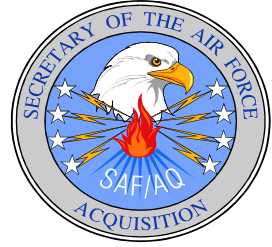
Hot Topics, Cont.

- Appropriations Act for 2005, PL 108-287
 - Section 8014, Limitation on Conversion to Contractor Performance
 - No conversion to contractor performance for any activity performed by >10 civs, without MEO plan
 - Conversion must be cheaper—10% or \$10M
 - Exceptions for JWOD or 51% Indian tribal owned or Native Hawaiian



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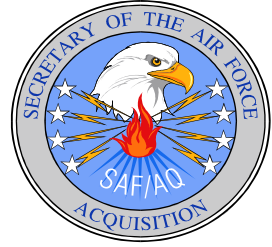
Hot Topics, Cont.



- Appropriations Act, Cont.
 - Section 8022
 - No A-76 study to exceed 24 months for single study or 30 months for multi-function
- Authorization Bill for 2005, proposed legislation
 - Section 803, Limitation on Task and Delivery Order Contracts
 - Base period up to 5 years, with additional options up to 3 more years (Senate)



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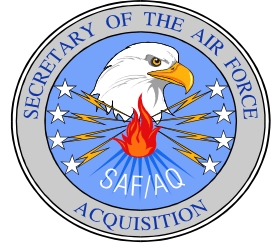


Hot Topics, Cont.

- Authorization Bill, proposed
 - Section 803, Internal Controls for DOD Purchases Through GSA Centers
 - Orders >\$100K prohibited until DOD/IG and GSA/IG determine sufficient controls exist within GSA FTS
 - Section 805, Extension of FY 2004 Panel
 - Would extend panel to review acquisition laws and regs & amend charter to include enhancing opportunities for SB



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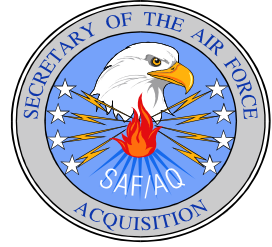


Hot Topics, Cont.

- Authorization Bill, proposed
 - Section 8015, Limitation of Service Charges
 - Limits service charges other agencies can impose on DOD for using their contracts—1%



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Hot Topics, Cont.

- Authorization Bill, proposed
 - Section 1021, Report on Contractor Security in Iraq
 - Requires DOD to submit report on contractor security within 90 days, including # of US, Iraqi, and others; info on security personnel, and range of pay rates, sources, number and type of weapons possessed by contractor personnel



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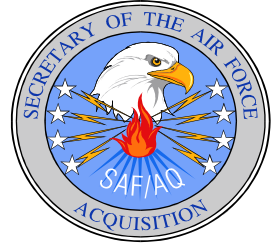


Hot Topics, Cont.

- Authorization Bill, proposed
 - Section 823, Public-Private Competition, amends 10 USC Section 2461(b)
 - 10 or more civs requires cost comparison
 - Applies a 10% cost differential
 - Prohibits cost advantage to offeror who provides less health coverage to employees than avail to govt employees



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Hot Topics, Cont.

- Authorization Bill, proposed
 - Section 324, Public-Private Competition Pilot
 - Use A-76 to compete new requirements or to bring contracted services in-house
 - Meant to develop capabilities not currently possessed in-house



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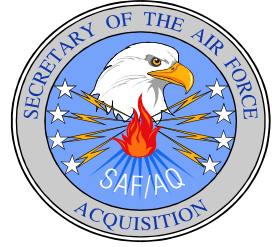
Hot Topics, Cont.

- Authorization Act, proposed
 - Section 1107, Bid Protest by Federal Employees in A-76
 - Agency Tender Official *and* an elected representative of the federal sector employees would have standing to file protest
 - Requires an amendment to CICA



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AFPEO/CM Website



- <http://www.safaq.hq.af.mil/afpeocm>